



WEICHAI

**濰柴動力股份有限公司
WEICHAI POWER CO., LTD.**

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2338)

**VERY SUBSTANTIAL ACQUISITION INVOLVING
A MERGER BY ABSORPTION OF TAGC
AND
CONTINUING CONNECTED TRANSACTIONS**

SUMMARY

The Board is pleased to announce that the TAGC Debt Restructuring Framework Agreement has become effective on 22 November 2006, and that 中信信托投資有限責任公司 (CITIC Trust & Investment Co., Ltd.) has undertaken to act as a Cash Alternative Provider in respect of the Cash Alternative Amount in an aggregate of RMB3,022,977,700.

The Board refers to the circular (the “**Circular**”) dated 12 November 2006 of Weichai Power Co., Ltd. (the “**Company**”) in respect of, inter alia, a very substantial acquisition involving a merger by absorption of TAGC. Terms and expressions defined in the Circular shall have the same meanings when used herein.

APPROVAL OF THE TAGC DEBT RESTRUCTURING FRAMEWORK AGREEMENT

The Board refers to the section headed “I. The Merger Proposal — 3. Merger Agreement — Conditions precedent” in the “Letter from the Board” in the Circular, which states that the Merger Proposal is conditional upon, inter alia, the approval of the TAGC Debt Restructuring Framework Agreement by the State Council.

The Board is pleased to announce that according to 《關於湘火炬汽車集團股份有限公司債務重組有關事宜的通知》 (“Notice in relation to the Debt Restructuring of Torch Automobile Group Co., Ltd.”) issued by the creditors’ committee in respect of the TAGC Debts (the “**Creditors’ Committee**”) to TAGC, 中國銀行業監督管理委員會 (China Banking Regulatory Commission) had informed the Creditors’ Committee on 22 November 2006 that the State Council had approved the 《關於湘火炬汽車集團股份有限公司債務重組框架協議有關問題的請示》 (德債委 [2006]1 號) (“Request for Instruction on the Issues regarding the Debt Restructuring of Torch Automobile Group Co., Ltd.” (De Zhai Wei [2006] No. 1)) in respect of the TAGC Debt Restructuring Framework Agreement jointly submitted by 中國銀行業監督管理委員會 (China Banking Regulatory Commission), 中國財政部 (Finance Department of the PRC) and 中國人民銀行 (People’s Bank of China), and the TAGC Debt Restructuring Framework Agreement has become effective on 22 November 2006.

DETAILS OF CASH ALTERNATIVE ARRANGEMENTS

The Board refers to the section headed “I. The Merger Proposal — 5. Cash Alternative” in the “Letter from the Board” in the Circular, which states that the cash alternative under the Merger will be made available by one or more third parties (who may (or may not) be securities underwriter or investment funds) to be arranged by the listing sponsors to the Weichai A Share listing on the Shenzhen Stock Exchange.

The Board is pleased to announce that 中信信托投資有限責任公司 (CITIC Trust & Investment Co., Ltd.) (“**CITIC Trust**”) has undertaken to act as a Cash Alternative Provider in respect of the Cash Alternative Amount in an aggregate of RMB3,022,977,700. CITIC Trust is a PRC enterprise with a registered capital of RMB800 million. It is principally engaged in integrated financial services and trust business.

Hong Kong, 18 December 2006

By order of the Board
Tan Xuguang
Chairman and CEO

As at the date of this announcement, the executive Directors of the Company are Mr. Tan Xuguang, Mr. Xu Xinyu, Mr. Sun Shaojun and Mr. Zhang Quan; the non-executive Directors of the Company are Mr. Yeung Sai Hong, Mr. Yao Yu, Mr. Li San Yim, Mr. Liu Huisheng, Ms. Zhang Fusheng, Mr. Julius G. Kiss and Ms. Han Xiaoqun and Mr. Chen Xue Jian; and the independent non-executive Directors of the Company are Mr. Zhang Xiaoyu, Mr. Koo Fook Sun, Louis and Mr. Fang Zhong Chang.

*Please also refer to the published version of this announcement in **The Standard**.*